

Message Text

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TO SECSTATE WASHDC PRIORITY 2865

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMCONSUL MUNICH

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

USMISSION GENEVA

USMISSION NATO

C O N F I D E N T I A L BUDAPEST 0796

E.O. 11652: GDS

TAGS: PINT, PFOR, HU, US

SUBJ: KADAR SPEECH TO 11TH PARTY CONGRESS -
PART 1 OF 2 PARTS

REF: BUDAPEST 744, 758, 759 AND 765

1. SUMMARY: FIRST SECRETARY KADAR DELIVERED THREE AND HALF
HOUR SPEECH TO 11TH PARTY CONGRESS MARCH 17. MOST MATERIAL
IN SPEECH PREVIOUSLY PUBLISHED IN CONGRESS DRAFT DOCUMENTS.
ON ECONOMIC FRONT KADAR WARNED OF NEW ECONOMIC DIFFICULTIES
(PRIMARILY HIGH RAW MATERIAL PRICES) TO BE OVERCOME BUT
PROJECTED HIGHLY OPTIMISTIC FORECAST OF NATIONAL INCOME
GROWTH. HE PLACED GREATER EMPHASIS ON NEED FOR STRONGER
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PARTY CONTROL OF CULTURAL LIFE AND FOR DEALING SEPARATELY

WITH "CERTAIN IDEOLOGICAL QUESTIONS" OF LAND OWNERSHIP. FOREIGN POLICY SECTION CONTAINED USUAL BIOLERPLATE WITH U.S. TAKING DIRECT BLAME FOR PROBLEMS IN ME AND CAMBODIA BUT SAIGON CHARGED FOR HEIGHTENING TENSION IN VIETNAM. AS EXPECTED KADAR USED ADDRESS AS MUCH TO REASSURE COUNTRY THAT BASIC POLICY LINES OF PAST WILL CONTINUE IN FUTURE AS TO STAKE OUT NEW PATHS TO BE CONSIDERED BY PARTY OVER NEXT FIVE YEARS. HE CALLED FOR MORE EFFICIENCY IN MANAGEMENT, IN UTILIZATION OF RESOURCES, IN INVESTMENTS. HARDER WORK WILL BE REQUIRED, HE SAID, FOR SUCCESS "DEPENDS FIRST AND FOREMOST ON OUR OWN EFFORTS".

END SUMMARY.

2. FIRST SECRETARY JANOS KADAR DELIVERED THREE AND HALF HOUR MARATHON KEYNOTE ADDRESS TO HSWP 11TH CONGRESS MARCH 17. AFTER USUAL SELF-CONGRATULATORY REMARKS RE CONSTRUCTION OF SOCIALISM IN HUNGARY, KADAR OUTLINED PRINCIPLE TASKS FACING NATION OVER NEXT FIVE YEARS. GREATEST PORTION OF HIS TIME DEVOTED TO ECONOMIC SPHERE.

3. KADAR'S REMARKS ON ECONOMY CONBINATION OF RECITATION OF PAST FIVE YEARS ECONOMIC ACCOMPLISHMENTS AND PREDICTION OF BETTER THINGS TO COME, TOGETHER WITH NON-IDEOLOGICAL APPEAL FOR OLD-FASHIONED HARD WORK FROM ALL SEGMENTS OF POPULATION. KADAR WAS FORTHCOMING IN PORTRAYING ECONOMIC DIFFICULTIES PRESENTLY FACED BY HUNGARIAN ECONOMY AS RESULT OF DETERIORATION IN HUNGARIAN TERMS OF TRADE AND WORLD INFLATION. HE EMPHASIZED CHANGES IN WORLD ECONOMY DURING PAST TWO YEARS NOT TEMPORARY AND THAT HIGH PRICES MUST BE FULLY TAKEN INTO ACCOUNT. WHILE PARTY HAD CONCLUDED THAT ECONOMY COULD CONTINUE TO DEVELOP AT FOURTH FIVE-YEAR PLAN RATE DURING 1976-80 PERIOD AND THAT STANDARD OF LIVING WOULD CONTINUE TO RISE, SATISFACTORY ECONOMIC RESULTS DEPENDED MORE THAN EVER ON BETTER USE OF RESOURCES, WISER INVESTMENTS, AND MORE EFFECTIVE COOPERATION WITH OTHER SOCIALIST COUNTRIES, BUT FOREMOST ON EFFORTS OF HUNGARIAN WORKERS THEMSELVES. UNECONOMIC PRODUCTION WILL BE CUT BACK. GOVERNMENT ORGANS SHOULD BE LESS HESITANT IN INTERVENING

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IN ECONOMIC MANAGEMENT WHEN NECESSARY AND HE RECORDED THAT 10TH PARTY CONGRESS HAD WARNED THAT ENCHANCEMENT OF ENTERPRISE INDEPENDENCE MUST NOT LESSEN ROLE AND RESPONSIBILITY OF CENTRAL STATE CONTROLS. KADAR STATED THAT IS IS STILL A BASIC REQUIREMENT THAT PRODUCTION COSTS PROPERLY REFLECT DOMESTIC AND FOREIGN INVESTMENT RATIOS AND PROVIDE INCENTIVES FOR MORE EFFICIENT MANAGEMENT. IN SPITE OF DIFFICULTIES FACING

ECONOMY, KADAR FORECAST GOOD RATES OF GROWTH FOR
ONCOMING FIVE-YEAR PERIOD AND EVEN ROSIER PREDICTIONS
FOR 15-20 YEAR PERIOD AHEAD.

4. DEBATE OF STATE VS. COLLECTIVE PROPERTY TENDED TO
BE SIDE-STEPPED BY KADAR IN HIS REMAKRS. HE NOTED THAT
FURTHER DEVELOPMENT OF HUNGARIAN SOCIETY DID NOT NOW
REQUIRE RADICAL CHANGES IN OWNERSHIP BUT RATHER A FURTHER
STRENGTHENING AND DEVELOPMENT OF BOTH STATE AND
COOPERATIVE OWNERSHIP. HE DID CONCEDE, HOWEVER, THAT
"THERE WAS A DIFFERENCE IN DEGREE IN SOCIAL CHARACTER
OF WORK, METHOD OF MANAGEMENT AND INCOME DISTRIBUTION,
AND THAT DEGREE OF SOCIAL CHARACTER WAS HIGHER IN STATE
OWNERSHIP. KADAR ALSO CALLED FOR GRADUAL ENDING OF
STATE LAND SALES, BRINGING UNDER STATE CONTROL SALE
AND PURCHASE OF PRIVATELY-OWNED LAND AND GRADUAL
CONVERSION TO COOPERATIVE PROPERTY OF LAND BEING USED
BY AGRICULTURAL COLLECTORS.
PEDERSEN

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